

(C) Subsection (d) of section 213 is amended by adding at the end the following new paragraphs:

"(10) ELIGIBLE LONG-TERM CARE PREMIUMS.—

"(A) IN GENERAL.—For purposes of this section, the term 'eligible long-term care premiums' means the amount paid during a taxable year for any qualified long-term care insurance contract (as defined in section 7702B(b)) covering an individual, to the extent such amount does not exceed the limitation determined under the following table:

In the case of an individual with an attained age before the close of the taxable year of:	The limitation is:
40 or less.....	\$ 200
More than 40 but not more than 50 .....	375
More than 50 but not more than 60 .....	750
More than 60 but not more than 70 .....	2,000
More than 70.....	2,500

"(B) INDEXING.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1997, each dollar amount contained in subparagraph (A) shall be increased by the medical care cost adjustment of such amount for such calendar year. If any increase determined under the preceding sentence is not a multiple of \$10, such increase shall be rounded to the nearest multiple of \$10.

"(ii) MEDICAL CARE COST ADJUSTMENT.—For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which

"(I) the medical care component of the Consumer Price Index (as defined in section 1651(f)(5)) for August of the preceding calendar year exceeds

"(II) such component for August of 1996.

The Secretary shall, in consultation with the Secretary of Health and Human Services, prescribe an adjustment which the Secretary determines is more appropriate for purposes of this paragraph than the adjustment described in the preceding sentence, and the adjustment so prescribed shall apply in lieu of the adjustment described in the preceding sentence.

"(11) CERTAIN PAYMENTS TO RELATIVES TREATED AS  
PAID FOR MEDICAL CARE. ~~—~~ <sup>NOT</sup> An amount paid for a  
qualified long-  
term care service (as defined in section  
7702 ~~B(c)~~) provided  
to an individual shall be treated as not paid for  
medical care

if such service is provided ~~—~~  
"(A) by the spouse of the individual or by a  
relative  
(directly or through a partnership,  
corporation, or other  
entity) unless the service is provided by a  
licensed professional with respect to such service, or

"(B) by a corporation or partnership which  
is related  
(within the meaning of section 267(b) or  
707(b) ~~B~~) to the  
individual.

For purposes of this paragraph, the term  
~~relative~~ means an  
individual bearing a relationship to the individual  
which is  
described in any of paragraphs (1) through (8) of  
section 152(a).